

State's agricultural revenue plunges

By Dale Kasler
Bee Staff Writer

California farm revenue, sent reeling by El Niño and low worldwide commodity prices, dropped last year for the first time in seven years, a leading agricultural economist said Monday.

Economist Vernon Crowder of BankAmerica Corp. said farm revenue dropped to an estimated \$25.3 billion in 1998, a 6 percent drop from the record \$26.8 billion posted in 1997. That ended a six-year streak of rising revenue for

Analyst blames El Niño and Asia

the nation's most important farm state.

Farmers' profits took an even more severe beating last year, declining 43 percent to \$3.3 billion. Although decreases in farm profits are fairly common from one year to the next, this drop was the worst since a 27 percent decline in 1991.

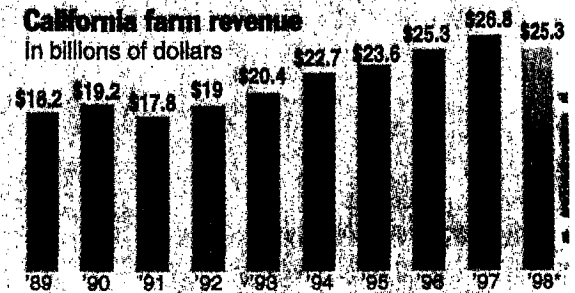
Official numbers won't be released until August or September by the Califor-

nia Department of Food and Agriculture, but the CDFA said Crowder's estimates are plausible.

"We expected a drop-off of this nature, with all the weather problems that we had," said agency spokesman Oscar Hidalgo.

The agency estimated that El Niño caused \$531.9 million worth of damage to last year's harvest.

What's more, Crowder said, California farmers had the worst of both worlds



Source: California Department of Food and Agriculture; 1998 estimate is by Bank of America

*Estimated

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Bee graph

Farm: Big harvests in other countries

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last year: Not only were their yields sunk by the cool rains of El Niño, their prices were hurt because of the reduced demand stemming from the Asian economic crisis. Also, prices of some commodities were further depressed by bumper crops in other parts of the world, he said.

"Usually when you have a weather situation like this, you have high crop prices," Crowder said from his Fresno office. "We didn't have that."

Crowder's 1998 numbers don't even reflect the Christmas citrus freeze; that's because almost all of those crops would have been harvested this year, he said. The freeze wiped out an estimated \$700.4 million worth of citrus crops in the San Joaquin Valley.

Despite that freeze, and an April frost that wrecked another \$156 million worth of crops, Crowder said he believes 1999 will be an improvement over last year. For one thing, the overall outlook for most crops seems brighter, notwithstanding the early-season problems. For another thing, the Asian economic situation seems to be stabilizing, increasing the demand for California farm products, he said.

Asia buys two-thirds of California's farm exports, and that region's economic problems depressed the worldwide prices of a slew of agricultural commodities.

California cotton growers, most of whom are in the San Joaquin Valley, last year probably suffered the most of any farmers in the state, Crowder said. Crops were

off substantially, and prices were beaten down by lowered demand and bountiful supplies from other cotton-growing regions, he said.

Among major crops in Northern California, tomato growers had sharp reductions in yields with no offsetting increase in price, he said. The prices were set in advance through contracts with canneries, he said. The good news for tomato growers is that because of a short inventory, the contract prices this year are generally higher, Crowder said.

Rice production fell 20 percent, which was partly offset by higher prices, he said. Central Valley wine-grape growers experienced a slight drop in revenue because of the weather and depressed prices, although prices rose for Napa and Sonoma valley growers, he said.